

Message Text

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ACTION NEA-09

INFO OCT-01 ISO-00 ABF-01 FS-01 TRSE-00 AID-05 EB-07 A-01

AGR-05 L-02 CIAE-00 INR-07 NSAE-00 OPIC-03 H-02 SS-15

SP-02 NSC-05 FBO-02 USIA-06 IGA-01 OMB-01 /076 W

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R 070900Z MAY 75

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 8542

LIMITED OFFICIAL USE NEW DELHI 6102

E.O. 11652: N/A

TAGS: EFIN, IN

SUBJ: RUPEES AND ST. JOHNS

REF: STATE 101009

BEGIN SUMMARY: THE LESSON TO BE DRAWN FROM THE CONFUSION ON COOLEY ACCOUNTS IS THAT TOO MANY WASHINGTON COOKS LEAD TO DELHI BELLY AND INCONSISTENT EMBASSY REPORTING.

NOW THAT WE'VE SOLVED THIS CONFUSION, LET'S GO AHEAD WITH THE FUNDING FOR ST. JOHNS, RS. 13 MILLION NOW AND THE REMAINDER WHEN AND IF AVAILABLE IN JUNE. END SUMMARY.

1. WE'RE SORRY IT TOOK SO LONG TO DETERMINE ALL THE FACTS AND REPLY TO STATE'S 101009. SEPTTEL (NEW DELHI'S 6023) SETS FOR THE ACTION NEEDED TO RESOLVE CERTAIN ACCOUNTING PROBLEMS BUT THE FUNDAMENTAL SITUATION ON RUPEE AVAILABILITY REMAINS AS STATED IN OUR EARLIER MESSAGES (NEW DELHI'S 5509, 5179 AND 4864).

2. THE CONFUSION WHICH AROSE WAS DUE TO THE UNFORTUNATE TENDENCY OF TOO MANY DIFFERENT OFFICES TO SEND OUT CONFLICTING INSTRUCTIONS. THE DAMAGE CAUSED WAS STATISTICAL AND NOT SUBSTANTIVE. AS NOTED IN NEW DELHI 6023 THERE HAS LONG BEEN WASHINGTON AND EMBASSY AWARENESS THAT AID TO NEPAL

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MUST COME FROM COOLEY B AND THAT COOLEY A COULD ONLY BE TAPPED

ON A TEMPORARY BASIS IN ORDER TO PREVENT COOLEY B FROM GOING BELOW THE RS. 50 MILLION LEVEL. UNFORTUNATELY, THE INSTRUCTIONS TO USDO IGNORED THIS CLEAR HISTORY. MEANWHILE, STATISTICS ON LOCAL CURRENCY TRANSACTIONS (E.G. NEW DELHI A-150) ASSUMED THAT EMBASSY WAS IMPLEMENTING THE CLEAR INSTRUCTIONS ON USE OF COOLEY A AND B AND THIS WAS THE CAUSE AT INCONSISTENT EMBASSY REPORTING.

3. WHERE DOES THIS LEAVES US. ONCE THE TRANSFER OF RS. 65 MILLION REQUESTED IN NEW DELHI'S 6023 TAKES PLACE, COOLEY A WILL HAVE A BALANCE OF ABOUT RS. 130 MILLION DESCRIBED IN A-150. THE COOLEY B BALANCE HAS INCREASED SINCE APRIL 1 AND NOW IS APPROXIMATELY RS. 48MILLION. (AT THE RISK OF REPEITION LET US STRESS THAT THESE NUMBERS ARE THE BALANCES AFTER RS. 65 MILLION IS TRANSFERRED TO COOLEY A.)

4. WE AGAIN RECOMMEND THAT THE EMBASSY BE AUTHORIZED TO GRANT IMMEDIATELY RS. 13 MILLION TO ST. JOHNS DRAWING ON OUR ADDITIONAL PL 480 RUPEE RESOURCES WHICH BECOME AVAILABLE FROM RUPEE ACCOUNT FUNDING OF EXISTING JOINT RESEARCH (SEE PARA 5 NEW DELHI 5509 AND EARLIER MESSAGES). THE RS. 11 MILLION CITED IN NEW DELHI 5509 HAS NOW GROWN TO RS. 15 MILLION BUT, FOR NO OTHER REASON THAN SYMMETRY, WE CONTINUE TO RECOMMEND THAT THE INITIAL PAYMENT BE RS. 13 MILLION. IN EARLY JUNE WE'LL CONFIRM WHETHER WE HAVE THE ADDITIONAL RS. 13 MILLION AND, IF SO, HOPE TO DISCHARGE ALL OUR OBLIGATIONS TO ST. JOHNS IN FY75. WE ARE SURE THAT ALL JOIN US IN HOPING THAT THIS COMPLICATED OFFSPRING OF THE RUPEE NEGOTIATIONS CAN BE MOVED INTO THE HISTORICAL FILES WITHIN THE NEXT TWO MONTHS.
SCHNEIDER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PL 480, ECONOMIC ASSISTANCE, RUPEE, CURRENCIES
Control Number: n/a
Copy: SINGLE
Draft Date: 07 MAY 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: greeneet
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975NEWDE06102
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750160-0165
From: NEW DELHI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750573/aaaacpax.tel
Line Count: 91
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 STATE 101009
Review Action: RELEASED, APPROVED
Review Authority: greeneet
Review Comment: n/a
Review Content Flags:
Review Date: 05 AUG 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <05 AUG 2003 by izenbei0>; APPROVED <24 NOV 2003 by greeneet>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: RUPEES AND ST. JOHNS
TAGS: EFIN, IN
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006